

Message Text

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ACTION TRSE-00

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FM AMCONSUL PORT MORESBY

TO SECSTATE WASHDC IMMEDIATE 378

INFO AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANLILA

AMEMBASSY SUVA

AMEMBASSY WELLINGTON

UNCLAS PORT MORESBY 0242

C O R R E C T E D C O P Y (TEXT)

PASS TREASURY ZINMAN/GONZALES

MANILA FOR USADB

E.O. 11652: N/A

TAGS: EFIN, ADB, PP

SUBJECT: CODEL/TREASURY PROJECT VISIT: MSG 05

REF: A. PORT MORESBY 220

B. PORT MORESBY 165

1. FOLLOWING IS A DESCRIPTION OF THE THREE DEVELOPMENT
PROJECTS TO BE SEEN BY CODEL.

A. 1972 IDA LOAN OF DOLS 9.2 MILLION FOR FOUR PORT EXPANSION
PROJECTS. PROJECTS ARE LOCATED IN PORT MORESBY, LAE ON THE
NORTHERN COAST, KIETA ON BOUGAINVILLE ISLAND, AND ALOTAU ON
THE SOUTHEASTERN COAST OF PAPUA. THE PORT MORESBY PROJECT
WHICH INCLUDES A CARGO SHED AND THREE ACRES OF LANDFILL IS
COMPLETED. WORK AT LAE AND KIETA WILL FINISH IN MAY AND AT
ALOTAU BY THE END OF 1975. PLANS ARE ALREADY IN PROGRESS TO
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OBTAIN ADDITIONAL WORLD BANK MONEY FOR NEW DOCKING FACILITIES

AND 20 ACRES ADDITIONAL LANDFILL AT PORT MORESBY HARBOUR. ALTHOUGH THERE IS NOT MUCH TO SEE, EXPANSION PLANS ARE EXTENSIVE AND COVER TWENTY YEAR PERIOD WITH PROFOUND IMPACT FOR PORTS SCATTERED THROUGHOUT PNG. FULL EXPOSITION OF THESE FUTURE EXPANSION PLANS WILL BE COVERED IN BRIEFING.

B. 1972 ADB LOAN OF DOLS 9.8 MILLION FOR EXTENSION OF HARITANO HIGHWAY AND SEALING OF HIGHLANDS HIGHWAY. ALTHOUGH THE DESIGN STUDY HAS BEEN COMPLETED ON THE HARITANO HIGHWAY, WORK HAS NOT YET BEGUN DUE TO PROBLEMS WITH ADB ACCEPTING CERTAIN SPECIFICATIONS. THESE DETAILS ARE BEING NEGOCIATED. THE LOAN IS FOR UPGRADING AND CONSTRUCTION OF 62.6 MILES OF THE ROAD FROM VEIMAURI RIVER TO BEREINA WHICH LIES NORTHWEST ALONG THE COASTLINE OF PAPUA FROM PORT MORESBY. THE PROJECT BEGINS 41 MILES FROM PORT MORESBY. THE FIRST 30.5 MILES OF THE PROJECT WILL BE UPGRADED AND ANOTHER 32 MILES WILL BE NEW CONSTRUCTION WHICH INCLUDES RELOCATION OF THE EXISTING TWO-CAR FERRY SERVICE ACROSS THE ANGABANGA RIVER TO A MORE SUITABLE SITE. ACCORDING TO TRANSPORTATION OFFICIALS THERE ARE GOING TO BE SIGNIFICANT COST OVERRUNS ON THIS PROJECT, BUT NO EXACT FIGURES ARE NOW AVAILABLE. THE PROJECT WILL PERMIT THE TRANSPORTATION OF FRUIT AND VEGETABLES TO PORT MORESBY TO SUBSTITUTE FOR THOSE NOW BEING IMPORTED.

C. 1970 IDA LOAN OF DOLS 5 MILLION PART OF WHICH USED BY MOUNTAIN VIEW ESTATE (CATTLE BREEDING AND RAISING VENTURE). THIS LOAN IS FOR POULTRY, PIGS AND CATTLE DEVELOPMENT. THE CATTLE PORTION OF THE LOAN AMOUNTS TO DOLS 1,665,000 WITH THE OBJECT OF DEVELOPING NUCLEAR CATTLE HERDS AND UPGRADING EXISTING PROPERTIES. AN ADDITIONAL IDA LOAN OF DOLS 5 MILLION WAS NEGOCIATED IN JANUARY 1973 AS A FOLLOW-ON TO THIS 1970 LOAN. THE SECOND LOAN IS FOR SMALL HOLDER PAPUA NEW GUINEAN PROJECTS. (MOUNTAIN VIEW IS AN EXPATRIATE VENTURE.) THE MOUNTAIN VIEW LOAN IS DOLS 22,500 AND WAS USED FOR IMPORTING STOCK AND UPGRADING GRAZING LAND. MVE LOANS FROM THE DEVELOPMENT BANK NOW TOTAL DOLS 113,000 AND USE IDA AS WELL AS OTHER SOURCES. THE PROPERTY CONSISTS OF TWO SECTIONS TOTALING 17,000 ACRES AND CONTAINING 2,200 CATTLE. MOUNTAIN VIEW IS DEVELOPING A BREED WHICH IS DISEASE AND HEAT RESISTANT AND FEEDS CONTINUOUSLY DURING DAYLIGHT

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HOURS. 800 HEAD HAVE BEEN SOLD TO PNG SMALLHOLDERS TO START THEIR HERDS. SIGNIFICENCE OF THESE PROJECTS ARE THAT UNTIL 15 YEARS AGO THERE WAS VIRTUALLY NO CATTLE PRODUCTION IN PNG. EVEN TODAY MOST MEAT IS IMPORTED FROM AUSTRALIA. THE OPERATION AT MOUNTAIN VIEW ESTATE IS SMIPLE AND USES ALMOST NO MODERN MACHINERY. CODEL WILL HAVE OPPORTUNITY TO SEE MUSTERING OF CATTLE AND GOOD VIEW OF GRAZING ARESA.

2. WE WOULD APPRECIATE BEING INFORMED OF MAKE-UP OF CODEL.
WILL IT BE PARTICULARLY INTERESTED IN ANY ONE OF THE THREE
PROJECTS AND REQUEST MORE TIME FOR DISCUSSION AT SITES?
HAVE ANY MEMBERS VISITED PORT MORESBY OR THESE PROJECTS
BEFORE? WE REGRET PAUCITY OF MAJOR PROJECTS IN THE AREA,
BUT BELIEVE THAT MOST SIGNIFICANT RESULT OF THIS TRIP WILL
BE BETTER UNDERSTANDING OF PAPUA NEW GUINEAN DEVELOPMENT
PLANS, PRESENT STATE OF THIS PRE-INDEPENDENCE COUNTRY, AND
AN OPPORTUNITY TO MEET WITH PNG OFFICIALS WHO, INCREASINGLY,
ARE DETERMINING THE SHAPE OF DEVELOPMENT HERE.
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